Summer 7-10-1974

Letter from Faculty Affairs Committee re Optional Retirement Payments

Academic Senate
Illinois State University

MEMORANDUM July 10, 1974

To: Academic Senate

From: Faculty Affairs Committee

Re: Optional Retirement Payments for Non-employment Periods During Calendar Year

Early in April a proposal concerning optional retirement payments was received from the Economic Well-Being Committee. After study and discussion the Faculty Affairs Committee requests that the Academic Senate approve the following resolution with the intent that it be considered for eventual adoption by the State Universities Retirement System and the State Legislature.

BACKGROUND:

1. With the present and possible future constraints placed on summer school appointments because of enrollments and budgetary considerations, employees on nine month contracts are penalized from receiving maximum retirement benefits similar to employees who are employed on 12 month contracts. By allowing the participants to make these voluntary contributions to the Retirement System their total dollar input would be comparable to those employed on a 12-month basis. This would allow those on less than year round employment the same opportunity to achieve a satisfactory retirement benefit as those fortunate enough to have 12 month contracts.

2. The proposed plan would allow for more flexible summer scheduling and decrease the competitiveness among younger and older staff members for the limited positions available. This would be especially true of those employees who seek summer employment in the final four years before retirement.

3. It would reduce the need for a staff member approaching retirement to depend so drastically on the availability of summer teaching contracts to maximize benefits during a very short period of a total career.

4. The cost factors related to the added benefits would be somewhat self-balancing to the state because summer programs costs would be more flexible to meet the needs of students and to help defray any increased actuarial costs required by the Retirement System. For example, on July 2, 1974 the monthly salaries of seventeen faculty members who contemplate retiring between 1975-1980 reveal an average salary of $2021. The average monthly salary for all assistant and associate professors (generally younger staff members) is $1678. The $343 difference between these averages would help to defray the actuarial cost of state matching funds of approximately $141 per older faculty member at the $2021 level.

RESOLUTION:

The Academic Senate of Illinois State University urges that the participants in the University Retirement System who are full-time employees but have continuing contracts for less than 12 months during any calendar year be allowed, at their option, to pay into the Retirement System during the period or periods of the year in which they are not employed the total amount of additional contributions they would have paid had they continued to receive a twelve-month salary at the same monthly rate as that just preceding each such period of non-employment. The effective yearly income for determining retirement benefits would then be computed by the state adding to each participant's actual income an amount equal to that on which the additional contributions were based.

DISTRIBUTION:

Copies of this statement and resolution with a cover letter shall be forwarded to: JUAC, Board of Regents; Faculty Advisory Committee to Board of Higher Education, Council of Presidents of Board of Higher Education; Advisory Committee to SURS Trustees, Mr. Edward Gibala, Executive Director SURS, SURS Trustees; Pension Laws Commission.